DAILY NEWS

Israel Bonds are a smart investment

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George Costanza once offered perhaps the most concise theory of dishonesty ever devised: "It's not a lie if you believe it."

That may explain the Boycott Divestment and Sanctions (BDS) movement. Its activists have repeated the same distortions about Israel Bonds for so long, and with such theatrical certainty, that they have convinced themselves. Here is what the BDS movement wants you to believe: that local officials are abandoning Israel Bonds.

It's a great story. It also has nothing to do with reality.

State treasurers, comptrollers, and other public officials have continued to invest and reinvest in Israel Bonds, and in record numbers.

Why? Well, let's talk about what actually matters for a pension fund: risk and return.

For some investors, purchasing Israel Bonds reflects a tangible connection to the Jewish state and support for one of the United States' closest allies. However, for public officials with fiduciary obligations, solidarity is not the reason they invest, investments must stand on their financial merits. Pension managers look at an issuer's repayment record, credit quality, and the bond's yield, maturity, and role within a diversified portfolio — it's how any public investment is evaluated. They weigh those factors against current market conditions and the needs of the people, not against the popularity of a slogan.

In the case of Israel Bonds, and much to the disappointment of the BDS movement, support for Israel and sound financial stewardship are not mutually exclusive.

Israel Bonds function as general obligation bonds used by Israel where needed most. The money raised supports Israel's general economic development. Israel has never defaulted on a bond, not once, not during wars or global financial crises. Its sovereign credit remains investment grade. That means that the government of Israel has a strong capacity to meet its debt obligations, even after considering economic conditions, fiscal policy, and regional security risks. It is a dependable, dollar-denominated, sovereign-backed security.

Israel Bonds has seen its third consecutive year of about $2.5 billion in annual global sales, more than double annual sales before Oct. 7, 2023, demonstrating a remarkable display of global investor confidence. These increases are due to investments from individuals but also from public officials and pension managers who have every obligation to protect a retirement fund.

When the facts fail to support the BDS narrative, the campaign too often shifts from persuasion to intimidation. Those who refuse to divest are harassed outside their homes and targeted personally, as are members of the Jewish community who dare to speak out. At public council meetings, Jewish residents who have spoken in support of Israel and Israel Bonds have been met with hateful slurs and even told to "go die." It is hostility disguised as advocacy.

The BDS movement has one target. When a group builds a decades-long, highly organized campaign aimed at excluding one country from investment portfolios, while no other similar divestment movement against any other democratic nation exists, it starts to look more like antisemitic prejudice than values.

Meanwhile, the actual investors, individuals, pension boards, state treasurers, and city comptrollers who take their fiduciary duties seriously and want to do right by their constituents, keep investing. They do so because the numbers make sense and because it aligns with supporting the United States' only democratic ally in the Middle East.

The BDS movement can keep believing its own press releases. After all, it's not a lie if you believe it. Everyone else can check the returns.

Hutter is the national and international board of directors chairman for Israel Bonds.